

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3596-01
Bill No.: HB 1349
Subject: Employees - Employers; State Employees
Type: Original
Date: February 13, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Various	(In Excess of \$21,084,406)	(In Excess of \$10,737,377)	(In Excess of \$11,005,812)
Total Estimated Net Effect on <u>All</u> State Funds	(In Excess of \$21,084,406)	(In Excess of \$10,737,377)	(In Excess of \$11,005,812)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Higher Education** assume the proposed legislation would have no fiscal impact on their agency.

Officials from the **Departments of Economic Development, Mental Health, Health and Senior Services**, and the **Elementary and Secondary Education** defer to the Office of Administration's response.

Officials from the **Department of Labor and Industrial Relations (DOL)** note their Department does not have any employees with more than 40 hours of compensatory time and, therefore, assume no fiscal impact. DOL assumes their managerial staff would monitor compensatory time to ensure no employee accrues more than 40 hours.

Officials from the **Department of Insurance** note their Department routinely pays employees for compensatory time and, therefore, assume no fiscal impact.

Officials from the **Department of Revenue (DOR)** note employees typically do not accrue more than 40 hours of compensatory time. DOR states during tax season employees may accrue more than 40 hours; however, DOR assumes the number of hours exceeding 40 would not be excessive and would result in a minimal fiscal impact.

Officials from the **Office of the State Courts Administrator (CTS)** state there are no employees in their office who would qualify for the proposed compensation. CTS notes, as of 12/15/01, there were 2,178 hours of compensatory time in the Circuit Courts (2,300 FTE) that would be eligible for reimbursement under this proposal. Using an average hourly wage for the five most common job classes, the CTS estimates that such reimbursement would cost \$26,925. CTS notes they have no way to anticipate future annual costs for this proposal.

Officials from the **Department of Agriculture (AGR)** calculate costs to General Revenue and Other Funds of \$29,237 and \$97,149, respectively, for payment of compensatory time and related fringe benefits in excess of 40 hours, as of 12/31/01. AGR assumes compensatory time includes federal, state, and holiday compensatory time. AGR states calculations for future fiscal years are not possible due to the uncertainty of compensatory time in excess of 40 hours. Officials from the Missouri State Fair assume the proposal would result in costs of \$16,799 in FY 2003; \$51,655 in FY 2004; and \$52,947 for FY 2005.

ASSUMPTION (continued)

Officials from the **Department of Conservation** estimate the proposed legislation would result in an initial payment of approximately \$76,500, then approximately \$226,000 annually thereafter.

Officials from the **Department of Natural Resources (DNR)** assume the proposal only refers to category 1 and 2 state employees. DNR notes as of December 31, 2001, the Department had a compensatory liability of \$62,819 for hours in excess of 40.

The following agencies reported the following costs for paying compensatory time in excess of 40 hours:

Agency	FY 2003	FY 2004	FY 2005
Department of Corrections	(Unknown Exceeding	(Unknown Exceeding	(Unknown Exceeding
Department of Social Services	(\$698,218)	(\$4,589,610)	(\$4,589,610)
Department of Transportation	(\$9,075,877)	(\$794,390)	(\$814,251)
Department of Public Safety - Missouri State Highway Patrol	(\$2,056,257)	(Unknown)	(Unknown)

Officials from the **Office of Administration - Division of Personnel (COA)** estimate the cost of paying compensatory time in excess of 40 hours, for 20 state agencies, to be \$21,084,406 for FY 2003; \$10,737,377 for FY 2004; and \$11,005,812 for FY 2005. In their calculation for FY 2003, COA identified employees with a compensatory time balance in the SAM II HR/Payroll system, along with their compensatory time balance for federal, state, and holiday compensatory time as of 12/15/01. COA notes because the proposal did not specify the type of compensatory time for which employees would be paid, the compensatory time balance total was used to determine the compensatory time hours over 40 for each employee. COA multiplied the number of hours of compensatory time over 40 by the employee's hourly rate to determine the cost of each employees' compensatory time.

COA notes the fiscal estimates include 20 state agencies – the Legislature, Lieutenant Governor's

Office, State Auditor's Office, the Department of Insurance and the Department of Higher ASSUMPTION (continued)

Education are not included in the totals as they did not have compensatory time balances in the system. COA also notes the Department of Conservation had a very small amount of compensatory time recorded in the payroll system.

COA notes because the proposal would require a payout of compensatory time on the books, the full amount of that payout was provided, as opposed to 10 months of the payout.

COA notes for FY 2004 and FY 2005 the compensatory accrual and usage for Calendar Year 2001 was calculated for the employees who had a remaining compensatory time balance of 40 hours. Their estimated compensatory time accrual for the year, minus their compensatory time usage for the year, was multiplied by the employee's hourly rate to determine the overall cost.

COA notes some agencies, Department of Transportation (DHT), for example, have been paying compensatory time throughout calendar year 2001. However, DHT employees have a significant number of hours on the books. COA assumes DHT's FY 2003 cost of drawing down the balances to 40 is high, whereas the FY 2004 and FY 2005 cost of paying compensatory time on an ongoing basis is considerably less. COA notes for the Department of Corrections, both the cost of drawing down the balance and the ongoing cost of paying overtime is high, as the employees reportedly have limited opportunity to use the compensatory time.

Oversight assumes the estimate provided by COA would be the lower end amount for paying compensatory time in excess of 40 hours and has therefore ranged the fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
VARIOUS STATE FUNDS			
<u>Costs to Pay Compensatory Time In</u>			
<u>Excess of 40 Hours- Various Agencies</u>			
Salaries	(\$15,502,100)	(\$7,894,550)	(\$8,091,914)
Fringe Benefits	<u>(\$5,582,306)</u>	<u>(\$2,842,827)</u>	<u>(\$2,913,898)</u>
Total Costs	(\$21,084,406)	(\$10,737,377)	(\$11,005,812)
ESTIMATED NET EFFECT ON	<u>(In Excess of</u>	<u>(In Excess of</u>	<u>(In Excess of</u>
VARIOUS STATE FUNDS	<u>\$21,084,406)</u>	<u>\$10,737,377)</u>	<u>\$11,005,812)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal requires that state employees be paid at their regular hourly rate for compensatory time in excess of 40 hours.

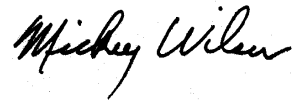
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Division of Personnel
Department of Public Safety - Missouri State Highway Patrol
Department of Higher Education
Department of Economic Development
Department of Mental Health
Department of Health and Senior Services
Department of Elementary and Secondary Education
Department of Labor and Industrial Relations
Department of Insurance
Department of Revenue
Office of the State Courts Administrator
Department of Agriculture
Department of Conservation
Department of Natural Resources
Department of Corrections
Department of Transportation

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Department of Social Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director

February 13, 2002